

Faith Anderson

We will start with the first panel. Okay are you?

Yes I'm ready.

Then go.

Okay. Good morning. Thank you for allowing American Airlines Federal Credit Union to participate in the first HMDA public hearings. My name is Faith Anderson, I'm Vice President and General Counsel for American Airlines Federal Credit Union. AA Credit Union was founded in 1936 by a group of American Airlines employees at Midway Airport in Chicago. AA Credit Union has 5.2 billion in assets, approximately 220,000 members and 42 branches. We have a 2.5 billion dollar lending portfolio; this includes 1.6 billion of mortgage loans. We lend throughout the United States and Puerto Rico. We support additional changes to the HMDA requirements provided that they further the goal of ensuring fair lending and anti-discriminatory practices. However, we are concerned that future proposed changes along with additional reporting requirements may not further the goal and may only serve to impose significant additional compliance and reporting burdens--data elements. The Board has requested comments on whether additional data elements should be added, modified or deleted to better identify possible discriminatory lending patterns. Generally, if a mortgage or consumer lending system captures data it is not difficult to transfer the information to the loan application register known as the LAR. The current format of the LAR however is not very helpful in analyzing trends and predatory lending; therefore requiring additional underwriting information to be reported such as credit score, debt to income ratios, and loan to value ratios may be beneficial in determining whether there are violations to fair lending. However, the Board should fully research whether the above information is effective in finding discriminatory practices before requiring that it be collected. We would recommend that for home equity lines of credit that the whole amount of the line of credit be reported and not just the amount that is used for home improvement purchase or improvement. We recommend that unsecured home improvement loans be removed from HMDA reporting. When a member takes out an unsecured loan the member generally uses it for multiple purposes and not just for home improvement. Also current lending systems simply are not able to capture this information. The Board has asked if a lender should capture total income of a borrower versus just income required by the lender to approve the loan. We strongly oppose requiring lenders to capture total income. If lenders are forced to capture total income, we will get complaints from our members, the members will not understand why additional income is requested versus just the income required to approve a loan. Additionally, unless you have found a preapproval code to be valuable in determining evidence of discrimination, we recommend deleting that code as it is not helpful. Reporting the lien status for loans is burdensome. As long as there's security on a dwelling the loan should be reported. Regarding reporting of ethnicity and race it should be up to the borrower to report this information. If the borrower fails or refuses to complete this on an application, and I'm talking about when the borrower is in front of you, the credit union should not be made to guess someone's race or ethnicity. It places us in an awkward position of guessing a person's race or ethnicity for in-person applications when a borrower refuses to answer these questions. To the extent additional data is required to be collected, there are costs

and compliance burdens that will be borne by the lender whether it be in the terms of time to collect the data, cost for the software, compliance training and so forth, we constantly struggle to be a value-added lender for our members; and these extra reporting burdens only raise the cost to the member. Coverage--an exemption from HMDA reporting should be based on the volume of mortgage loans that are given. Exemptions should not be based on the asset size of a financial institution. Currently HMDA reporting requirements apply to non-depository lenders that originate at least 25 million dollars in home purchase loans, versus a financial institution if they have 39 million in assets and just one mortgage loan they are required to report that. For the scope we are not in favor of expanding HMDA in the absence of evidence of discriminatory practices or predatory lending. For compliance issues just some portions of the regulation need to be updated in light of online access to various reports. Let's see--we are very pleased to participate in the hearing. We believe credit union participation and other lenders, in future focus groups and other types of testing would be beneficial. Thank you.